

Work and Pensions Committee

Oral evidence: DWP's response to the coronavirus outbreak, HC 235

Thursday 16 September 2021

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Members present: Stephen Timms (Chair); Debbie Abrahams; Nigel Mills; Selaine Saxby; Dr Ben Spencer; Chris Stephens; Sir Desmond Swayne.

Questions 437 - 517

Witnesses

I: Will Quince MP, Minister for Welfare Delivery, Department for Work and Pensions; Mims Davies MP, Parliamentary Under Secretary of State for Employment, Department for Work and Pensions; and Neil Couling CBE, Change Director General and Senior Responsible Owner Universal Credit, Department for Work and Pensions.

Examination of witnesses

Witnesses: Will Quince MP, Mims Davies MP and Neil Couling CBE.

Q437 **Chair:** Welcome to this meeting of the Work and Pensions Select Committee. I particularly welcome the Ministers, Mims Davies and Will Quince, and also Neil Couling, who is with them this morning. As you know, we are focusing this morning on the question of the proposed removal of the £20 a week uplift in Universal Credit.

Can I start by asking you this question? Removing the uplift will reduce unemployment benefits to their lowest level in real terms for over 30 years and their lowest level ever as a proportion of average earnings. What is the reason for the Government setting the level so low?

Will Quince: Thank you for inviting us along to this session and apologies that we had to squeeze this in on a Thursday. I know it would have been preferable to have this yesterday, but there is a lot going on.

The first point to make is about the uplift. You know the policy intent behind the uplift. The uplift was a temporary measure announced by the Chancellor at the beginning of the pandemic. The policy intent was that it was designed to support those facing financial disruption and economic shock as a result of the pandemic. It has largely achieved that objective.



HOUSE OF COMMONS

Your wider question, I suppose, is around the adequacy of Universal Credit and benefits more widely. This is a question that, since Beveridge, Governments of all colours have tackled: the tricky balance—the competing interest, if you like—between making sure that people have the support that they need and ensuring that there is a sufficient work incentive because, as we all know and all evidence suggests, work is the best route out of poverty into prosperity.

There is no objective way of deciding what an adequate level of benefit should be. Every individual, every family, has differing requirements and I think it is important to stress that income-related benefits are not made up of separate amounts for specific items, such as food, fuel, utilities, TV licences and other things, and there are certainly no plans for this Government to make such an assessment. In fact, I do not think any Government of any political persuasion has ever calculated benefits in such a way.

In terms of other issues, there are questions around how you calculate adequacy from the bottom up. It is hugely subjective. There are things like the minimum income standard, which has been referenced previously at this Committee, but it includes things that many people would not consider to be necessities, such as Netflix, alcohol and jewellery.

Q438 Chair: Comparing the level of unemployment benefit as it will be if this cut goes ahead with the level it has been set at by every other Government since the war, the level will be the lowest proportion of average earnings, as I have said, since 1948 and the lowest level in real terms for over 30 years. Why have this Government chosen to set it at a lower level on either of those measures than any other in 30 years?

Will Quince: Let's be absolutely clear: the Universal Credit rate will revert to the pre-pandemic rate plus inflation, so including the 1.7% for the previous year and 0.5% for this year. The uplift was a temporary measure, so it is a reversion to the position pre the temporary uplift.

Q439 Chair: On that specific point, we saw yesterday that inflation is now over 3%. It is the case, isn't it, that the level it will return to will be less in real terms than it was before the pandemic?

Will Quince: With respect, I do not think that is an accurate reflection of the true position. That 3%, although it is a jump in inflation, is a point in time and, as you will know, the Secretary of State reviews benefits every year as part of the uprating exercise. The inflation figure in September is used for that purpose. Benefits are not uprated periodically throughout the year based on individual months' inflation figures.

Q440 Chair: I think the point I made is correct: that in October the level of Universal Credit will be less in real terms than it was before the pandemic, because of the inflation rise that was reported yesterday.



HOUSE OF COMMONS

Will Quince: The Secretary of State has a statutory duty, I believe, to review benefits at the annual uprating at the end of this year, with a change due to come in April of next year.

Q441 **Chair:** You have not suggested any reasons to us why the level is the lowest on various measures that it has been for many decades. Is there a reason you can suggest?

Will Quince: Chair, as I said, we had the four-year benefit freeze that this House legislated for. That freeze came to an end. Since that point, the Secretary of State has reviewed benefits at the annual uprating. Mr Couling, I know you have a more historical perspective perhaps than me, but my understanding is that we had the freeze and then the Secretary of State has uprated twice since that point, one at 1.6% and then at 0.5% in line with inflation.

Neil Couling: It is 1.7%.

Will Quince: There we are—1.7%.

Q442 **Chair:** Is there any particular reason other than historical accident why the rate is going to be the lowest it has been for decades?

Will Quince: I do not have an answer for that question, other than that the rate is the rate, so there was the benefit freeze and then two subsequent upratings.

Neil Couling: If it helps the Committee, the rates have never been formally linked to earnings. This is for working-age benefits, so over time you would expect the level of benefits to move away from an average earnings measure, simply because earnings normally, historically, exceed prices.

Q443 **Chair:** It is certainly true if you look at 1911, when unemployment benefit was first introduced, that it was set at a significantly higher proportion of average earnings than it is going to be after this change.

Let me move on to the question of people who are in work. As you know, we heard last week from lone parents in full-time work about the problems for them if the uplift is removed. People working full-time cannot usually just increase their hours, but if somebody earning £10 an hour increased their hours by two hours per week, are there any circumstances that you can think of in which that would make up the reduction that they are going to see in their Universal Credit?

Will Quince: Every individual's circumstances are different. I have not worked out every scenario. Mr Couling might be able to find a scenario, because he has greater knowledge of the intricacies of the system, but every claimant is different.

I think there are two points there. Whether or not you just accept that you can replace the £20 uplift with more hours is one point, but what we want to see is far greater than that. It is not just about people working



longer hours, and the Minister for Employment will be able to go into the Plan for Jobs in greater detail around what exactly we are planning to do as part of the £30 billion Plan for Jobs. It is not just about people working longer. That could be part of it, if there are people, for example, on Universal Credit working as little as nine hours per week who are in the light-touch regime in terms of their relationship with their work coach, so not in the intensive work search regime.

It is also about people progressing in work, and that is why we have those 13,500 extra work coaches to help people to progress in work, to move into other jobs and to gain skills through things like the lifetime guarantee. Maybe, Mims, you would like to add a bit more about how it is not just about people working more hours.

Q444 **Chair:** Before you go on to those other issues, I completely take the point that everybody's circumstances are different. Can you think of anybody's circumstances in which working an extra two hours per week would make up for the loss?

Neil Couling: Perhaps I can. Anybody who has an unused work allowance to the extent of £86.66 a month, two hours and a bit of the national minimum wage, would get you above the £20 gain from that. If you look at the 3.6 million people who are on Universal Credit but not in work—I had a look last night—I think about 50% of those would qualify for a work allowance. You are talking there about 50% of that population who, by taking two hours' work at £10 per hour—your hypothetical example, Chair—could make good any loss from the removal of the temporary uplift.

Q445 **Chair:** Somebody who has £86 unused work allowance per month is working how many hours at the moment?

Neil Couling: It would depend on their hourly rate.

Q446 **Chair:** Suppose they are being paid £10 an hour.

Neil Couling: There are two work allowances. There is a work allowance that is £293 a month, which is for someone who has housing costs, and a work allowance of £515 a month for those people who do not have housing costs. It would depend on their housing status.

Q447 **Chair:** So if we take the £293 a month, if somebody is earning £10 per hour then we are talking about somebody who is working 29 hours per month?

Neil Couling: Yes.

Q448 **Chair:** Is that about seven hours a week or something like that? If they increased their hours by two per week they could make up the £20?

Neil Couling: As I say, about half of the population who are not in work would as well. The thing about Universal Credit is, of course, the gains from work are quite massive. For example, if you go from no work to 16



HOUSE OF COMMONS

hours—say you are a lone parent with 16 hours' work—you can see a gain of £95 a week for doing 16 hours' work at the national minimum wage.

Q449 **Chair:** Would you accept that for someone who is working full-time, and the parents we saw last week are working full-time, there is not the option for them of simply increasing their hours?

Neil Couling: Yes, some of the witnesses you saw last week, who I thought put their case very well, were working full-time. Some were not. Amina was not working at all. She said she was concentrating on bringing up her child, but in Amina's circumstances, for example, she could be up to £95 a week better off. For 24 hours' work a week she would be £120 better off, so there are some options.

Q450 **Chair:** Yes, but the question is about people who are already in work, which is what we focused on last week.

This is the last point from me. The Joseph Rowntree Foundation has worked out that ending this uplift will leave an additional half a million people in poverty, including 200,000 children. Do you accept those figures are correct?

Will Quince: I do not recognise the figures and I will go into a little bit of detail why.

From what I can see, the JRF made that assessment before the spring Budget, so this was before the Government announced the six-month extension to the uplift. At that point the country was still living under Covid restrictions and job vacancy rates were at a record low. My understanding is that the JRF minimum income standards for a couple with two children equates to about £575 per week before housing costs. My understanding is that the relative poverty line for that family is £495 per week, again also before housing costs. It would be fair to say that the situation is completely different now. With the economy opening up, restrictions being eased, vacancies at an all-time high as we referenced yesterday—the Minister for Employment referenced in the media this week the over 1 million vacancies in the labour market—we are in a completely different place. If you will permit me, I will run through a few more statistics, because I think it is hugely telling where we were then versus where we are now.

The second point I would make is about poverty projections more generally. They are complex and they are inherently speculative. They are made using models where, in effect, analysts estimate the impact of taking away one thing or adding another. They are highly speculative. The answer is we do not recognise those figures. We understand how they have worked them out, but it is speculative and largely conjecture.

Q451 **Chair:** Do you have a better estimate than JRF?

Will Quince: No, we have not made an impact assessment.



Neil Couling: It is hard to do. If you take the very well respected Institute for Fiscal Studies, in 2017 it forecast that our poverty after housing costs, which was 27% in 2014-15, would rise to 30% in 2019-20. The outturn was a fall from 27% to 25% and it has given up trying to forecast poverty, because what you must do, as the Minister was outlining, is create a series of assumptions and almost assumptions on assumptions. I appreciate the good intentions of JRF in trying to forecast this, but it is not something that is easy to do.

Q452 **Chair:** Let me press that a little further. I think forecasting child poverty in a couple of years' time is rather different from working out what will happen next month if this £20 a week is taken away. That seems to me a much more doable calculation than estimating what the basis is of the economy over the next two years.

Neil Couling: Sorry to butt in, but the thing we do not know, for example, is, with the 1 million vacancies in the economy now, in the scenario we were just discussing in the previous question, Chair, do people respond to this by going into work when they would not have gone into work before? That is why it is very difficult to do.

Will Quince: I completely agree with that, and I think it is based on everything remaining constant or static, but it is not. It is a very dynamic situation. Jobs are being created; we know that there are thousands of people moving into work every single week. It is simply not possible to estimate in what is a hugely dynamic labour market—thankfully, a very dynamic labour market that is heading in the right direction. Incomes will change for so many families and how the distribution of incomes will move is very hard to predict or project. It is inherently speculative.

Q453 **Chair:** It is certainly possible, because the Joseph Rowntree Foundation has done it, and from what you are saying you do not have any better estimate than Joseph Rowntree of what the effect will be.

Will Quince: It is how robust it is, Chair. We have no impact assessment.

Q454 **Debbie Abrahams:** Good morning, everyone. I would like to pick up on some of the responses you have just given the Chair.

First, Minister, you said that work is the best route out of poverty. Again referring to JRF, I think it is four out of five people who are in low-paid work who will still be in low-paid work 10 years later. That has not changed in the 11 years that you have been in power. How do you explain your statement? I am pretty sure you are going to say that more people in full-time work are not in poverty, but that does not translate to a person in low-paid work going to move into higher-paid work and get out of poverty. That is still not achievable under this Government.

Will Quince: I certainly do not accept that. We know that work is the best route out of poverty and if you look at the statistics—



Debbie Abrahams: You are making these statements, Minister, and—

Will Quince: Let me give you statistics. In 2019-20 there was only a 3% chance of children growing up in a household being in absolute poverty before housing costs if both parents were in full-time work, versus 42% for children in two-parent families with only part-time work. Therefore, our focus is understandably as a Government on supporting people to move into and to progress into work.

Debbie Abrahams: You say that, but you have not done it.

Will Quince: With respect, progress has been made. I will gladly, Ms Abrahams, hand over to the Minister for Employment because we have a comprehensive £30 million Plan for Jobs, which is going to deliver.

Debbie Abrahams: Eleven years.

Will Quince: We have also had the In-work Progression Commission that reported in July of this year. There are recommendations there for the Government, which I know the Minister for Employment is looking at very carefully. We do take this incredibly seriously.

Debbie Abrahams: I am sure you do, but it has obviously not worked.

Will Quince: Where you are right is that one of the challenges we face is around people progressing in work and in-work poverty, and that is exactly why through the £30 billion Plan for Jobs we have such a focus in that area, because we know it is one of the challenges that we face.

Mims Davies: Yes. May I just briefly jump in, because jobs and employment are coming up, which are really important and essential to this as well? There was a BBC "Spotlight" programme yesterday on the Restart programme down in Plymouth, showing the interventions that we have at our fingertips at DWP that because of the Plan for Jobs, with the doubled number of work coaches. There are also the two jobcentres that we have in your own constituency, Debbie—I know there is particular work going on at the moment in your patch around helping people with dyslexia and neurodiversity. We are outreaching in a completely different way, with two new youth hubs in your constituency, related to your jobcentres.

Yesterday, I spoke to four of our new youth hubs—Hull, Glasgow, Cardiff, and Birmingham—and the clear insight is that we have a landing space for people under 25 for whom the longer they are left without the support to get into work, the more problems come along. What was insightful was the fact that this is unlocking potential that, as Debbie was saying, perhaps has not been unlocked before. That was something I was working on with the Labour Market Enforcement Strategy, heading into the pandemic. The pandemic meant that we had to bring in other interventions that I am delighted about: Restart for people who are unemployed for 12 to 18 months and JETS, which has come in for people who are three to six months unemployed. We have had 25,000 people



HOUSE OF COMMONS

already going into work because of that programme and 138,000 people going into that from work coaches.

As Will was saying, the reality is that there are a lot of moving parts but the most important part right now, for anyone listening, is to say please go on the Job Help website, please talk to your work coach. The people I speak to in our jobcentres week in, week out, say that they have never had more help to give people with barriers to progress. That is important alongside those 1 million vacancies.

Q455 Debbie Abrahams: Thank you for that, and let's make sure that we schedule a year from now to see whether the 11,000 people in my constituency and in other parts of Oldham who are in low-paid work have managed to get off UC into higher-paid work. Will you accept that if that has not happened it is a failure? At the same time, how does levelling up apply to the social security system?

Mims Davies: On the point about very specific numbers—you mention 11,000—I think it is important to get the right outcomes for everybody. As Will has just described, we have to think about the reality of everyone's situation, whether they are a lone parent, whether they are getting help from their previous partner, whether there is disability or barriers because of Covid, whether they have just come into caring—lots of things have changed for people. What we do in our JCP is we focus on the outcomes for people based on their individual circumstances.

Q456 Debbie Abrahams: The outcome from that for my constituents, the 11,000 in Oldham East and Oldham West, is that they will have progressed from a low-paid job that requires support from UC to a higher-paid job. Is that what levelling up means to you?

Mims Davies: We are working on a response to the In-work Progression Commission from Baroness Ruby McGregor-Smith and it was something that was set out by the Secretary of State because she wanted to see this progression and understand the barriers. Many of them we knew already: travel, childcare, confidence, skills. There are 26 recommendations that we are looking at.

Specifically to people in your constituency, right now we have 9,000 Google certificates for digital learning, of which we have nearly 4,000 people who are claimants who are taking those level 3 opportunities. They were not there before and we will continue at DWP to make sure your constituents, Debbie, or anybody's constituents, have the opportunities that they have never had before. That is through the lifetime skills guarantee. There is lots out there and, as I say, more than ever to dial into that progression opportunity that Will spoke about earlier.

Q457 Debbie Abrahams: As I say, we will hold you to account 12 years after the Government will have been in power to see if that finally happens.

Can I get back to some of the responses that you made to the Chair,



HOUSE OF COMMONS

Minister, and you, Mr Couling, as well? It is a disgrace that you say that there has not been an impact assessment to properly understand the impact of the cut that you are going to make to Universal Credit to people in either low-paid work or who are not in work.

You said that it is hard, and I have to say again over the last 11 years that is the same response that we have had from consecutive Ministers, “It is too hard to do,” yet we do have fairly reliable models that have been used by the Equality and Human Rights Commission, who tried to contact you, I think, Mr Couling, and other officials in the Department offering their expertise and advice about how you can do this—how you can reliably predict what will happen. If you look at the models that they made and the estimates that they made during that period, they have turned out to be correct. I am a little bit concerned that you are not intending or have not bothered to do any equality impact assessment on the impact this will have on people and on your own levelling-up agenda.

Will Quince: You are right that we have not made a formal impact assessment. I think the context is important, first and foremost, which is that the uplift was introduced as a temporary emergency measure at the beginning of the pandemic. Ordinarily, impact assessments of this nature are carried out before policies are implemented, but because of the speed of the response required, an impact assessment was not carried out at the beginning before the policy was introduced. Our focus, I think rightly, was getting additional support to people who were facing that financial disruption and economic shock as quickly as we possibly could.

As I said, as the measure was initially designed, the policy intent was for it to last a year. That meant that it would have ended in time for the March Budget, but in the run-up to the Budget it was clear that people would still need that support. We were still very much in the grips of the pandemic.

As we said to the Committee back in June—I think I was before the Committee with Donna Ward from the Department—we put forward a case to Her Majesty’s Treasury to extend the uplift for longer. This was based on an analysis of Universal Credit caseload, a range of economic indicators and an assessment of the current health situation. Based on this, the Government agreed for the uplift to be extended. That was in line, importantly, with other Covid-related Government support.

I repeat what I said earlier: it is important to us that when we look at decisions of this nature we look at things such as the OBR. The reality is that the economy has outperformed this outlook. Decisions on the uplift and other Covid-related measures have not been revisited for that reason. It is important to stress that we are in a very dynamic situation, as the Minister for Employment rightly points out, and two different things are going on here. The uplift is going, but people are finding work and our position is changing daily. Understanding the real-time is not possible. Hundreds of thousands of people are moving into work.



Debbie Abrahams: It is possible, but you are choosing not to do it.

Will Quince: Not robustly. It is not robust, and every single week hundreds of thousands of people are moving into work. Now, of course, external stakeholders like JRF and others that you reference have produced statistics, but these are produced using models where the impact of something being taken away or added is measured.

Q458 **Debbie Abrahams:** What would be the confidence interval that would be acceptable to you?

Will Quince: The differential there is that they do that on the basis of everything remaining constant and static. We are far from in a static or constant position. Thankfully, our economy is heading in the right direction, the labour market is doing incredibly well and we have a record number of vacancies.

Q459 **Debbie Abrahams:** What would be the confidence interval of predictions that you would deem was acceptable? You are saying that they cannot be robust. Statistically you can have different—

Will Quince: As Neil Couling said, the IFS dropped its statistical modelling of this kind on poverty because it deemed it not to be sufficiently robust. I suspect that is even more so in an ever-changing daily situation like we are in now.

Q460 **Debbie Abrahams:** My job is to hold you to account. As the Chair says, in the circumstances where you want to make predictions or estimates within a matter of weeks, you can be more reliable in the predictions that you are making. You can have a confidence interval of 95%, which presumably, given that that is identified as robust, you would accept, wouldn't you?

Will Quince: That is not what my officials tell me and I have full confidence in my officials.

Mims Davies: If I could add one point, from 18 August to 8 September around 2,800 young people started a Kickstart role each week, so over that period almost 3,000 young people moved into new employment. I think that is what Will is trying to describe about a changing environment. In all those studies that have been occurring, things like the Plan for Jobs and the interventions, and one of those I have just described around Kickstart, will not have been in that. It is important to highlight exactly the sort of thing that Will is describing. It is a very moveable feast in a very positive way, because young people going into jobs and getting that first start is crucial in terms of their progression and long-term earnings.

Q461 **Debbie Abrahams:** Thank you, Minister. My final question relates to the transitional element for severely disabled people, who have been previously in receipt of disability premiums under legacy benefits. I am pretty sure I know the answer to this, given your previous remarks. What



HOUSE OF COMMONS

is the assessment of how many severely disabled people will face a cut in the uplift at the same time that their transitional protections will be removed? What will that mean to them in terms of reduced income and the increase in poverty of disabled people?

Neil Couling: We are not removing anybody's transitional protections.

Q462 **Debbie Abrahams:** People who have migrated on to Universal Credit from legacy benefits who have been in receipt of disability premiums are due for transitional protection. How many people who have also had the benefit of the uplift will have their transitional protections removed at the same time? What will this mean about additional disabled people being pushed into poverty?

Neil Couling: We are not removing anybody's transitional protections.

Q463 **Debbie Abrahams:** I know you are not removing them, Mr Couling. What I am saying is, have you done any assessment of whether there will be a coincidental ending of these transitional protections?

Neil Couling: Why do an assessment of something we are not doing? I am sorry.

Q464 **Debbie Abrahams:** I am not making myself clear. There is a transitional protection, is there not, for people who are on disability premiums from legacy benefits who move on to Universal Credit?

Neil Couling: Yes, who have moved on.

Q465 **Debbie Abrahams:** It was deemed by the High Court that you had to do that, because you had not done it when you first introduced Universal Credit.

Neil Couling: Yes.

Q466 **Debbie Abrahams:** There will be some disabled people who have migrated on to transitional protections where these transitional protections are coming to an end. That is the situation with these protections. How many disabled people will also have—

Neil Couling: I think I know what you are asking now. So, how does the transitional protection erode? It erodes by an increase in benefit, not a reduction, so there will be nobody.

Q467 **Debbie Abrahams:** Okay, so you are saying that nobody is going to? Transitional protections were included in the overall standard premium, the standard allowance. You are saying that nobody will have any of their transitional protections—

Neil Couling: No, their transitional protection amount will stay the same. The amount that they get for their personal allowance will obviously go down, along with—

Debbie Abrahams: I think you need to speak to Disability Rights UK, because that is not what it is saying.



Will Quince: Perhaps if you would like to write to us, Ms Abrahams, I will make sure that the Minister for Disabled People will write a response to your questions.

Q468 **Selaine Saxby:** Good morning. What assessment has the Department made of the different impact that ending the temporary uplift will have on different groups of Universal Credit claimants—for example, people with children or disabled people and especially those people who are unable to work at this time?

Will Quince: We have made no formal impact assessment.

Q469 **Selaine Saxby:** Have you done any analysis or looked into how those different groups might be impacted and how we might target support in areas where the loss of the uplift will be more difficult?

Will Quince: My understanding is that we have not.

Q470 **Selaine Saxby:** I think the group that a lot of us are concerned about, and that the Joseph Rowntree Foundation has flagged—and I recognise its data are its data—is single parent families in the UK. It is suggesting that six in 10 single parent families will be badly impacted by this. Are there opportunities, if it has not happened to date, for the Department to look at targeting support into these groups by perhaps using other levers outside of UC, such as child maintenance, to ensure absentee parents are paying, or splitting child benefit where children are shared 50:50 between the two parents? Are there other things that could be done to help support these families losing the uplift?

Will Quince: I think they are two separate issues. The policy intent of the uplift remains the same. Your question is almost, regardless of the uplift, what support is there for lone parents and other groups that may be struggling. The answer to that, of course, is yes, subject to the fiscal envelope that we have to work within from the Treasury and the outcomes that could potentially be delivered.

The Minister for Employment might want to come into this with a bit more detail, but we are very much focusing our efforts on supporting people into work and to progress in work wherever possible. Focusing on lone parents on our childcare offer, which as you will know, Ms Saxby, reimburses up to 85% of eligible childcare costs, it is more generous than the legacy benefit system at 70%. I think we spend somewhere in the region of £6 billion on childcare subsidies. That is based on the very firm evidence of the importance of parental employment, particularly where it is full-time, in substantially reducing the risk of poverty.

There are other measures that we have taken—for example, the increases to the local housing allowance. That was just under £1 billion put in and then it was maintained in cash terms. To an average family that is worth about £600 a year. Yes, of course we continue to look, and I work with the ministerial team on how we can reduce the cost of living and how we can better support. We regularly meet with other



HOUSE OF COMMONS

stakeholders as well to look at what more we can do to support those groups, and you rightly point out it does include working with organisations with changes we can potentially make to the child maintenance service.

Mims Davies: If I may come in, I have a couple of points. One is that we have DWP Train and Progress now, where you can be learning for up to 16 weeks doing a DfE bootcamp in and around your childcare responsibilities. We will support you in that, so in those shortage sectors and those opportunities you can be on Universal Credit longer and progressing. That is particularly helpful for lone parents. I think understanding about the 85% on childcare support is important. Just last week, I was at the Emirates job fair in London meeting people who were going into Kickstart roles. One young, single mum had no idea she could be getting help with childcare. Understanding the support that is out there in our jobcentres is important, particularly for younger claimants and people with childcare needs.

What was heart-warming at that jobs fair was that we had 1,400 young people invited; on the day 220 people received job offers. That particular young lady did had one from a brilliant restaurant group who were determined to understand her childcare needs and flexibility needs from the off, and she was over the moon. We are seeing this day in, day out across our JCPs, and understanding barriers and what might be holding people back is crucial to that.

Q471 **Selaine Saxby:** Thank you. While accepting that the Plan for Jobs is clearly delivering a lot of jobs as there are a lot of vacancies, going back to where I started, people who are unfortunately unable to work will be losing the uplift at this time. What additional support is there for those people, particularly perhaps around budgeting or debt management, to enable them to make the transition at this time?

Will Quince: Through the work we do through jobcentres, support is available.

Mims Davies: The reality is that a lot of people are not in the situation that they think they might be in, in terms of taking extra hours or being able to work. Another point is that childcare can come in different shapes or forms. I was in the Merseyside youth hub most recently. A young guy has trained as a chef and he was not working. We got to the nub of the issue: he was sharing childcare with his mother and he could not do the chef hours around it. It took some time to see what was stopping him from being in the industry that he enjoyed and wanted to be in, and it was because he had to be there after school to look after his sister and support his mum in work. We were able to get him into a breakfast chef role to use his skills, support his mum staying in work and keep him being there for his sister.

Very often it is about getting to the nub of the barrier that is holding people back from feeling that they can be in work, not, as you say,



HOUSE OF COMMONS

Selaine, that it is right for everyone to be in work at the same time. We do have the Flexible Support Fund now. It is available for people in light touch. It is something that work coaches ask for very strongly to help people with their skills and learning and work preparation. It helps them with wheels on the car or interview suits. We have paid for haircuts. We have paid for additional childcare once people start in roles. I do not want people to feel that they are trapped in a situation. Talk to the work coach, go on the employer and Job Help website, and have a look at the benefits calculator.

That is why our youth hubs, our outreach and everything that we are doing is helping people to realise that they are maybe not as stuck as they thought they were, and we are determined to unlock their potential. It may not be now, so we can do work preparation and training alongside their childcare, and we do mentoring circles and focus for mums as well. That can be a lonely and isolating time, and you do want to get back into the workplace. We are doing lots and that will be key in the in-work progression response as well.

Q472 Nigel Mills: Minister Quince, I think you said earlier that six months ago your Department made a submission to the Treasury asking for the uplift to be extended. Did you make any submission in the last six months asking for it to be extended again, or was no submission made?

Will Quince: The situation is very different now to how it was then. I can give you a few statistics, which I think would be helpful.

Nigel Mills: If you could answer my question: are you saying no submission or no request was made?

Will Quince: I do not think it is appropriate that I necessarily go into the detail of the discussions that we may or may not have had with Her Majesty's Treasury, much of which would have been, no doubt, between the Secretary of State and the Chief Secretary to the Treasury, the Chancellor of the Exchequer and the Prime Minister. I do not think it would be appropriate for me to go into what discussions were or were not had. I think it is important to stress that we are thankfully in a very different place to where we were six months ago, and the case that we were able to make, based on the socio and economic position that our country was in, is very different to a case that could be made today.

Q473 Nigel Mills: I think it would be quite relevant to claimants watching this to try to understand whether this uplift being retained was something the Department responsible thought was the right thing to do but the Treasury said no to, or whether the Department responsible did not think it was necessary. I do not think you can say that is not an appropriate thing to understand.

Will Quince: I think it is whether it is appropriate for me to discuss conversations that may or may not have taken place between my Secretary of State and the Chancellor of the Exchequer. It is important to stress the difference in the context between six months ago and today.



HOUSE OF COMMONS

The context again for claimants is important, too, and anyone listening at home, because during a pandemic it is understandable that the Chancellor put in a number of measures to support individuals, jobs and livelihoods and businesses throughout that period. You must make a case for that based on the situation that prevailed at the time. As I said, the situation is very different.

When you have an acute situation like a pandemic then you can justify, as the Chancellor rightly did, spending over £400 billion, in effect borrowing for one-off in-year spend for some very targeted temporary support. Now we are largely out of the pandemic, thankfully our economy has opened up, the restrictions are eased, we have a record number of vacancies, people are moving into jobs, and the statistics look incredibly positive, so you are then moving into the territory of day-to-day spend. The Chancellor has been absolutely clear that any ongoing day-to-day spend has to be found by departmental savings or taxation. For some context, we are talking about £6 billion per year for Universal Credit and tax credits, and then if you were to extend it to legacy benefits, which I know the Opposition parties have been calling for, that is in the region of an extra £2 billion on top. As we know, that would represent a very significant tax hike for hardworking families up and down the country.

Q474 **Nigel Mills:** Minister, that £6 billion a year assessment is the same as the one that was being quoted six months ago when the jobs market was not as buoyant, unemployment was higher and there were record low vacancies, I think, in all the numbers you have quoted to us. Have you done an updated assessment for what retaining the £20 a week would cost now we are not in that position?

Will Quince: I am not aware of one. Mr Couling, are you aware?

Neil Couling: No. It would be slightly lower, but only slightly unfortunately because the numbers on Universal Credit have come down. Of course, they are being replaced by people moving from legacy benefits, which do not have the uplift, on to Universal Credit.

Q475 **Nigel Mills:** That forecast would be a dynamic one because you are saying people can keep finding work, and hopefully they will in large numbers, so presumably the numbers would keep coming down, if you did that assessment?

Neil Couling: Unfortunately, the Office for Budget Responsibility as yet does not allow us to factor labour market projections into our future forecasts of expenditure, which is a big frustration for us.

Q476 **Nigel Mills:** You are telling us that retaining the uplift would cost £6 billion a year. You do not know that that number is right?

Neil Couling: It is in that order of magnitude, Mr Mills.

Q477 **Nigel Mills:** Yes, but you do not know. You have not done the assessment and you are not allowed to, just to be clear?



Neil Couling: I could no doubt run an assessment off this month's caseload, but the caseload this month was 50,000 below the caseload last month, for example, so it will have marginally come down.

Q478 **Nigel Mills:** The Minister says it will cost £6 billion a year. We do not know what it would cost next year or the year after.

Neil Couling: It would be a significant outlay of expenditure, which would require tax rises.

Q479 **Nigel Mills:** There is no doubt it would be significant. When you were last here, Ms Ward did say that the case you made was based on the original reason for doing the uplift, which was that people newly flowing on to UC could not cope on the pre-existing benefit levels given the commitments. Do you now have data that shows that all the people—or at least a large proportion—who flowed newly on to UC 18 months ago at the start of the pandemic have found work now that the jobs market is more buoyant? Have the people you were trying to help resolved their problems or do you not have that data?

Will Quince: I do not believe we have run any such assessment or, if we have, I have not seen it.

Neil Couling: The numbers in the full conditionality group have come down by about 400,000 to 500,000 since the peak in December, although if you take the cohorts that flowed on in the first three months, there will have been considerable churn to those. I do not know that we have done an assessment of exactly who is a newer new UC claimant—

Q480 **Nigel Mills:** That might be confusing, then. In a previous session your Department told us that the case you made six months ago to obtain the uplift was that the people who had flowed on were still there. Then, when you made the next decision, you did not rerun that assessment to see if that position has changed for those people. It seems like a strange way to go about it.

Will Quince: The context around the labour market is important. If you go back to the point at which the uplift was implemented and then even a year in, so ahead of the six-month extension, people did not have many choices because there were so few vacancies and opportunities in the labour market. We had restrictions. We were in the grip of the pandemic. We are not in that position now. The context is absolutely critical to this issue and this debate.

Q481 **Nigel Mills:** Yes, I accept that. I am just trying to get my head around the Department's processes of going through this, so that people watching can understand how we have come to a different decision now than we came to six months ago, even though we know we still have a large amount of claimants and the cost, apparently, would still be the same as it was six months ago.

Data was published last week that showed there are still 1.6 million



HOUSE OF COMMONS

people on furlough. Do you have an updated number for us? I think those were the July numbers.

Mims Davies: That is the latest number I believe we have.

Q482 **Nigel Mills:** But presumably you believe that number to be lower, given we have had six weeks since then?

Will Quince: I can certainly help you with that. We believe that the latest statistics show that at the end of July about 1.5 million people were on furlough, of which about 740,000 are back at work at least some of the time through flexible furlough. This is faster than we anticipated in terms of the fall in numbers on furlough and it is consistent with the lower-than-expected unemployment levels. The OBR anticipated a rate of 5.2% for the second quarter of this year above the eventual outturn, which was 4.7%.

The Minister for Employment might have more detail, but employers over a certain size—I think it is 20—have to notify of redundancies. My understanding is that it is far less than we anticipated at this stage, so things are looking positive. We are not out of the woods and we still stand ready with the additional work coaches and jobcentres, but it is a better position than anticipated.

Q483 **Nigel Mills:** When furlough ends this month, do you have an estimate of how many people you think may, sadly, be made redundant when that support is not available?

Mims Davies: As the Minister for Welfare Delivery said, we know that the redundancy notifications are more positive than we expected. For a certain level, obviously smaller employers, we will not know such details, but we are certainly not seeing anything we are worried about.

The latest analysis that I have is that, as of May 2021, 10.3% of unemployed claimants of the intensive work search group have moved into employment, and since April 2020 there have been 1.6 million movements as a whole into work, so it is about the same as those people left on furlough.

As Will says, some of those people are working elsewhere. We are also hearing anecdotally that some people may move into part-time, so they could come into the UC caseload because there is some hoarding of brains, knowledge and experience in some sectors, but those sectors may not be properly unfurloughing as yet, such as the travel and aviation industries.

There will be lots of movement as we come to the end of September, which is exactly why we have planned for this. For example, our Restart programme started in July for people who are 12 to 18 months unemployed. If you are leaving furlough and you find that you do not have a job, you will be eligible to go onto the Restart scheme as well.



HOUSE OF COMMONS

We do have interventions, whether it is the additional work coaches or the additional jobcentres. Indeed, one of your own jobcentres, Nigel, is opening on Saturdays now. We are doing everything we can to make sure that at the end of furlough, people are able to transition into new sectors where needed.

Q484 **Nigel Mills:** Thank you, but I did not quite pick up from that if you have an assessment of how many people you fear may be made redundant when furlough ends. I presume you fear that could be in the hundreds of thousands, do you?

Neil Couling: The redundancy data at the moment tell us and it is negligible at the moment.

Mims Davies: Yes. We are not seeing anything.

Neil Couling: That is for firms over 20. As I was telling the Chair in the PAC last week—

Nigel Mills: That is still not quite an answer to the question of what you think might happen at the end of furlough.

Mims Davies: The point is we do not know about the smaller firms as well, as Mr Couling has set out.

Q485 **Nigel Mills:** I assume you have a working estimate and you are sitting there thinking, “We think there might still be half a million people on furlough by the end of September and we think half of those might lose their jobs.” I assume you have some working assumption that you are running with.

Will Quince: I am not aware of having seen one, but importantly, again, it is all speculation. Just because somebody may have been made redundant or lost their job, it does not mean they will not immediately get into another job or do something else. It does not mean they will flow on to Universal Credit.

Neil Couling: I have said this lots of times before. The UK labour market is incredibly dynamic. Back when we were bringing these measures in, there were 280,000 vacancies. There are now over a million. My expectation is whatever happens at the end of furlough—*[Interruption.]* Hang on. My expectation is that as furlough ends, whatever happens with the end of furlough, the labour market with 1 million vacancies in it will clear pretty quickly.

We need to be ready for that. We are ready. We have a series of continuity measures. We know what we will do if we see a spike, but it will not be a spike like we saw in March 2020 because then half the economy was being switched off like a light switch. It was just going down. That is what drove the spike. The increase was almost vertical.

The OBR says that we are likely to see an increase in unemployment, sadly, but not of the magnitude we saw back in March 2020. Quite a lot



of economists are talking around this and wondering whether the end of furlough is a dog that will not bark at all. We are ready for that but it is a completely different situation, as the Minister has been outlining, to when we introduced the temporary uplift.

Q486 Nigel Mills: I accept everything is far more positive. Are we sufficiently confident that this pandemic is over and we will not see any more trouble in the winter? Are we sufficiently confident that all the people we did not think could cope on the pre-existing level of benefits have now found work and so can cope? Are we sufficiently confident that all those we fear may end up on UC in a few weeks when furlough ends are in a better position to cope than those whom we felt needed an uplift 18 months ago? Those are the fundamental questions. Why take the support away now when we do not actually know the answer to any of those pretty fundamental questions?

Will Quince: We sort of do. If we look at the public health situation, the economic situation and the labour market situation as it stands today and the trajectory, we do. You were speculating about what may happen in the winter. Look, I have no doubt, knowing the Chancellor of the Exchequer, that if any of those indicators I just mentioned took a change in direction, the Chancellor would look at that carefully and change course, as he has done consistently throughout the course of this pandemic. He has been clear. We will put in place the support necessary to get people through this pandemic. He has done that. I have no doubt, if the situation were to change, he would do so. But all the indicators that I mentioned are looking incredibly encouraging. On that basis, the Chancellor is at this juncture removing all the temporary Covid pandemic response measures.

Q487 Nigel Mills: Thank you. Finally, are you asking the Chancellor for any more money for UC in this spending round or are all the levels and everything set fine so there is no need for any changes to make the system work better?

Will Quince: That is a fair question. Mr Mills, you probably know me well enough to know that I am always looking at ways we can improve Universal Credit and our offer and support to some of the poorest, lowest paid and most vulnerable in our society. Nevertheless, we are at this present time outside of a fiscal cycle. We are fast approaching a spending review and Budget. For me to divulge at this stage conversations and submissions we may be making to Her Majesty's Treasury would not be appropriate.

Mims Davies: May I add a couple of points in terms of being ready for any spike? We have 140 new youth hubs and 115 are physically open. We hope it will be 150 by Christmas. They did not exist before the pandemic or the help they provide to young people. On top of that, there are 150 more youth employability work coaches and 100 more disability employment advisers.



HOUSE OF COMMONS

The Restart scheme I mentioned is for 12 to 18 months' unemployment. The Job Finding Support Scheme or JFS is for people who are three months unemployed. Our most successful scheme, which I mentioned earlier, particularly because it is for people when they really start to feel that unemployment and that challenge after three to six months, is the JET scheme, in which we have already had 25,000 job starts. We also have DWP Train and Progress, which is the 16 weeks of training on Universal Credit, which did not exist before this as well. We have Kickstart with over 69,000 job starts. For example, in London alone 15,000 young people have gone into new sections of opportunity.

A huge amount of support is available. If you talk to any work coach in DWP, new or old, they have a plethora of interventions to help people to progress, not only to take more hours but to train or do things differently or to get them ready for the point when they are able to do something different.

We do not have a magic wand in this, but I feel incredibly proud of the amount of work that is going on, day in, day out, in our JCPs. The 100th new jobcentre is opening imminently as well. Glasgow is opening shortly, which I hope to visit. So much is happening out in our communities. I want people listening to this to understand that the UC uplift was important but it was one of a suite of measures for Covid. Many of these, importantly, continue onward and beyond Restart for the next three years. People should feel confident that there is good support across DWP for them.

Chair: Following your mention of Glasgow, Chris Stephens.

Q488 Chris Stephens: There is no show without Punch, Chair. Thank you. The last answer brings us quite nicely on to communication.

We heard from claimants last week at a Committee hearing that they felt that communications about the change had not been good enough. Some had had only a general message without the usual text or e-mail notification. One has received no message at all.

Let me quote what one of the witnesses said to us about communication with her, "The line I got in my Universal Credit journal was like receiving one line in your junk inbox. It was not like a big e-mail with flashing lights at the top. You had to go looking for it and I think a lot of people even now are completely unaware that they have been in receipt of this, so they are going to be even less aware of the fact that a part of their monthly income is about to be taken away."

Minister, this is not some peer-level communication format and protocol between professionals. This is ordinary people saying your efforts to inform them of this major change has been poorly delivered.

Are there any potential parallels between the communications to Universal Credit claimants on this uplift and the recent ombudsman



judgment as it applies to 1950s-born women and their pensions?

Will Quince: I will start off by answering that question with a simple no, but one of the most troubling elements of the testimony of the witnesses last week, which I did watch, was claimant awareness and the communication. I have already raised this with Mr Couling and perhaps he can give us an operational update on what we have done and answer some of the points raised by the witnesses last week.

Neil Couling: Yes, I will pick up on the pension communication point as well. The difference with a digital system is, of course, I have a digital footprint of all the messages I have sent everybody and I can even see when they have been read. If they had a digital footprint, people could have checked the veracity of the things that were said in response to the pension changes. I have done for the five people who came last week and they all received a message. If the Committee wants, I can even tell you the dates that they got those messages.

We have been making, effectively, six changes over a period of three months in a rolling programme of communications because we know that people have a brown-envelope aversion to letters from the Government and from DWP in particular. It is a task to get people to read our communications.

We have made changes to the statement that pull out the fact that the uplift is temporary, so a mathematical calculation. We then put a message in the statement—this was in August—that said the uplift is temporary and will be removed from a certain date particular to that claimant. Then we put a message in their journal that repeats that message and also says, “Look at your statement.” Claimants get either a text or an e-mail saying that they have a new message in their journal and claimants elect whether they get a text or an e-mail. Roughly two-thirds get a message.

About 5.2 million households are affected by the removal of the temporary uplift. It is 5.2 million and not the 6 million you have seen headlined in various places, because it is 5.2 million households and couples, and the 6 million refers to the number of claimants. Couples are both claimants under Universal Credit. We sent 5,032,802 messages between 16 and 27 August—

Q489 **Chris Stephens:** When you say “messages”, Mr Couling, is that text messages or e-mails, or is that journal messages?

Neil Couling: It is text messages, e-mails and journals as well.

Chris Stephens: Is it a combination?

Neil Couling: No, it duplicates. You get a text message or an e-mail saying, “Look at your journal.” Also, on your statements, when you look each month and see what you have been paid in Universal Credit, it is there as well and is broken out.



HOUSE OF COMMONS

I am currently in the middle of the second wave of communications. We have done, as of yesterday evening, 4,605,389 messages in the second wave of messages and we will do a third wave of messages when the uplift has actually ended. They are all personalised to individuals.

Q490 Chris Stephens: For the benefit of people watching this, Mr Couling, constituents have said to me in e-mails prior to yesterday's debate that when they were given their award, at that point it was not indicated to them that part of that award was temporary. If someone had applied during the pandemic for Universal Credit and had been given an award, what would be in the letter/statement/journal to indicate what their award is? Was there anything at the time in their statement to indicate that part of the award was temporary? Would there be a line, for example, to say, "Temporary pandemic uplift"?

Neil Couling: No, it was only in July that we pulled out in the statement the necessary fact that this is a temporary increase to the personal allowance. But in our own defence—and I think you were complimenting us at the time—from the point at which we were discussing with the Chancellor the changes we would make to Universal Credit and putting them in, remember the lockdown and the effective shutdown of the economy was happening in days, basically, and my team got this change in from ministerial decision to actual execution in four days. With hindsight, it would probably have been better to pull out the temporary nature of it, but at that point we were trying to get it in.

You will know a bit about how Universal Credit works with assessment periods. The first person was paid the uplift on 13 April, which meant that I put the uplift into the coding for their awards in the middle of that assessment period. When they started that assessment period the £20 uplift did not exist. By the time the month had elapsed, we were paying it.

One of the prices for speed can be the quality of the communication, but at the time Ministers were clear that this was a temporary uplift. In all the media it was clear as well. But as I say, with hindsight, it would have been good to bring out the work in the statement but it would have delayed the payment of the uplift to people. The better decision was to bang the money out, frankly.

Q491 Chris Stephens: I totally understand that, Mr Couling. If anyone writes to their Member of Parliament to say they were not aware that the uplift was temporary or have not been notified of a change, is it your contention that that is because they have not received an e-mail or a text message or they have not looked at their journal? Is that essentially what you are saying to us?

Neil Couling: If somebody writes to you and says, "I was not told in March 2020 that this was temporary," they were not told in a personalised way from the Department for Work and Pensions. That would be true.



HOUSE OF COMMONS

Chris Stephens: If someone applied in August, for example?

Neil Couling: I did not mention this because I did not know how much detail you would like but—

Chris Stephens: As much as you can give us, Mr Couling.

Neil Couling: Yes. We have done a special message for people who would get the uplift for just one month. For new claims that are coming on and being paid this month, we are making it plain that they are getting it just for this month.

Q492 **Chris Stephens:** Could you provide the Committee, then, Mr Couling, with examples of what would appear in a journal and what would appear in a text message or an e-mail notification?

Neil Couling: The Minister has already written with that information. We may not have written about the second bit of communication we have done, but we would be happy to do so.

Will Quince: We are happy to do that, yes.

Neil Couling: I stopped the Minister including the text for that in his original communication because I wanted to see how the first message landed and I did change it slightly. The reason was that we got some responses from people saying, "I have never had this uplift," which shows the challenge here of the communications. We are tweaking things because we design the messages with claimants and we test them on claimants and see what their reactions are, because we are trying to make them aware of this change, partly because I fear most people will react when their money is actually reduced and not see some of this. I want to try to bring that forward so people are aware of what is going on and are not completely taken by surprise in October.

Will Quince: Testing it was important. Mr Couling rightly flagged with me the concern that if we sent out all the messages in one go, then we could have an awful lot of people responding to journal messages or phoning up the Department the next day. That would overload our system and it might mean other people are not able to get through, which is why we have done that testing and have paced out the messages to ensure we have the operational capacity to respond in a timely manner to all those who have questions.

Neil Couling: If I could jump in, because I know you will be worried about this as well, 134,000 claims are maintained on the phone. We took, effectively, photocopies of their journals and statements and posted those to the claimants whom we maintain on the phone, which is how I get to 5.2 million. I am confident that we have captured everybody in receipt of the £20 uplift on Universal Credit.

Q493 **Chris Stephens:** Thanks, Mr Couling. If we can get as much information as possible as to what the communications look like, we can understand



HOUSE OF COMMONS

from a claimant's point of view how that looks.

Will Quince: We are happy to do that.

Neil Couling: We have been sharing it all as well with the stakeholder groups like Citizens Advice—or Citizens Advice Scotland in your neck of the woods—to make sure that they are aware as well in case claimants come to them and say, “I have had this journal message. What does this mean? What is happening?”

Q494 **Chris Stephens:** That brings me to a question to the Minister, then. The Secretary of State in July told the Committee that there had not been any research or survey work to help understand whether claimants were well informed about the end of the uplift. Is there any more work being done on that by the Department to make sure that people are aware and people know what is happening to their claim here? The first thing they will do, as I am sure you can appreciate, is they will come to their Member of Parliament and say, “I have had money taken off me and I do not know why.” I am sure you do not want to be flooded with representations from 650 MPs.

Will Quince: I always enjoy getting letters from you, Mr Stephens, but no research has been carried out on this as far as I am aware. Our focus has rightly been on making sure claimants were aware of the change. But as Mr Couling said, all statements were updated in July and we have consistently stated that the uplift was a temporary measure.

Q495 **Chris Stephens:** Thank you. I want to place on the record that I am concerned about the parallels with the 1950s-born women and the potential for that. We may come back on that in the future.

Minister, the Secretary of State told us a number of activities will try to provide signposting to support for people at the point when the uplift ends. Can you tell us a bit more about those activities? Have you gathered any feedback or evidence so far on the effectiveness of the signposting exercise?

Will Quince: Yes, of course. It is pretty standard practice, though, across the Department.

Neil Couling: Yes. We have asked the work coaches in their general interactions with claimants to draw their attention to this as well. We are asking stakeholders to do similar.

We are carefully tracking the extent to which, as I said, people are reading the journal messages or looking at their statements. We are trying to look for patterns there where we might need to do something differently. As I said, I changed the second message in the light of how the first message was landing with people.

We are seeing upticks in terms of contact with us, so it is clearly working. The business on the phone lines is up anything from 15% to 20% on any



HOUSE OF COMMONS

one day and I have put more resources on to our phones to cope with some of that, which is a good sign that this is starting to get through.

But I fear, like you, Mr Stephens, and like the Minister said, that we started from quite a low base of understanding here, so we have work to do over the coming couple of months to make people aware of this. Whether you enjoyed the debates in Parliament or not, the coverage in the media helps to some extent with that, too, in terms of people being aware of what will happen to their payments between 13 October and 12 November.

Q496 Chris Stephens: Thank you. Not everybody reads newspapers or watches television, in my experience. If you are a Member of Parliament, you find it difficult to do that during the week, I can tell you.

The people we spoke to last week told us that the messages they had seen signposted them to support from charities. Minister, has the Department had any discussion with those charities? Is it providing additional funding to those charities? Is it giving an undertaking on behalf of charities without ensuring they have the adequate resources to do so?

Neil Couling: The messages do not do that.

Will Quince: No.

Chris Stephens: The messages do not signpost to charities?

Neil Couling: No. Can I tell you what they say? The first message said at the end, "Get help with managing your money in the How to Manage your Universal Credit Claim Guide," and there was a link to online help with debt and managing your money.

Will Quince: I think it refers to MAPS.

Neil Couling: Yes, that guide refers to MAPS, not to charities.

Chris Stephens: You do refer to CAB, though.

Will Quince: We do, of course, refer into it and CAB will refer to us because we are partners in terms of the move to UC and, likewise, in terms of the move to UC with Citizens Advice Scotland. That service is commissioned, yes.

Q497 Chris Stephens: Finally, Minister, are you concerned—as I am—about the impact that ending the uplift will have on food aid providers like the Trussell Trust, the Independent Food Aid Network and Feeding Britain, which are all saying that they expect an explosion of food insecurity as a result of the uplift ending?

Will Quince: I am more generally concerned about food insecurity. I raise the issue regularly with Mr Couling and across Government and we are looking at that as part of a cross-Government cost-of-living taskforce.



HOUSE OF COMMONS

I have been keen in my time in this post to find out much more about this because data are important. For example, additional questions have been included in the Family Resource Survey for the first time, which we have seen the first data for, which has given us some evidence that we can then use in our policy formation. But I am proud to say that we have gone one step further and have included questions on foodbank use now in the Family Resource Survey, which, again, will give us even more data.

Unfortunately, because of the pandemic, we could not quite get it up and running, but we have a proof of concept working with foodbank providers to better understand how we can work with them to make sure that some of their clients, who may also be our claimants, are getting all the benefits they may be entitled to and how we can support them.

This is an issue I take incredibly seriously and, of course, I will continue to, subject to being in this role as of tomorrow, on an ongoing basis because it is important. Data are important and I assure you they do inform our policy thinking within the Department and the interventions we may look to ahead of future fiscal events.

Chris Stephens: While you are still in post, you will get plenty of letters from me, Minister Quince. On that, I will hand back to you, Chair.

Q498 **Sir Desmond Swayne:** The witnesses we saw last week quite surprised me with the levels of expenditure that they were having with respect to childcare—very substantial sums up front and well in excess of the cap. I am not sure that there is anything to be done about the up-front nature of that expense, but perhaps there might. Is there a way around that?

Secondly, the cap itself has not been updated for 17 or 18 years. Would it be a matter of priority to look at whether that represents a realistic value, given our intention to encourage people into work and to not allow the benefit to be a trap?

Finally, our predecessor Committee was given to understand that there would be some statistical analysis in the summer of 2019 of the childcare costs and the cap. Was that analysis ever carried out?

Will Quince: I will take all those questions. First, you raise a good question because when we talk about the adequacy of benefits, often the real issue we are talking about is the cost of living. Childcare, as you rightly point out, is for many families one of the largest bills they have after their rent or mortgage. It can act as a barrier to employment. The Minister for Employment and I work closely on this issue to look at how we can break down those barriers.

As we referenced earlier, Universal Credit is already far more generous than the legacy benefit system it replaced. Some 85% versus 70% of eligible costs can be recovered. We spend about £6 billion across our childcare offer both through DfE and through the DWP.



HOUSE OF COMMONS

Of course, we are constantly looking at childcare and you raised the up-front nature. Under the previous Secretary of State we tweaked the system that enabled us to pay retainers and the first month cost up front to give people that additional support. We continue to look at what more we can do in that space. I am conscious, Chair, that we have live litigation in this area, so I probably cannot go into much more detail other than that.

Specifically on your question relating to statistical analysis, I will have to write to you or to the Committee on that point.

In terms of the cap, it is important to stress that only a small proportion of UC claimants are restricted by the childcare cost cap per month. I do not want to mislead the Committee in any way. I understand it is 10%, but I will write to the Committee to confirm my understanding there.

The key principle of UC is that it mirrors the world of work and claimants take greater personal responsibility for their finances and budgeting. Of course, we continue to keep childcare costs and the cap in Universal Credit under review. It is reviewed as part of the annual uprating every year by the Secretary of State but, again, I will check on that and revert to the Committee.

Q499 Dr Ben Spencer: On that point, do you have any sight of the number of people who do not claim UC but who do not get into work because of childcare costs?

Will Quince: I am not aware of that data existing.

Q500 Dr Ben Spencer: You can see why I asked the question. It comes up quite a lot in terms of childcare costs being an obstruction to getting people into work. I am sure you agree with me that we should be doing everything we possibly can to support people who have childcare or caring needs into work. It was remarkable for me to hear from one of the witnesses last week that they were paying £300 a month in childcare costs, which completely blows out of the water the £100 a month from the temporary UC uplift.

What appraisal has the Department done of the main pressures of the costs of living on UC claimants? What big beasts, for want of a better word, are challenging people who are in work but still struggling?

Will Quince: That is a good question. The cost of living has been a key focus for me because I am conscious that I have only two levers within this role, as does the Secretary of State. One is increasing benefits, which comes with huge costs, and the other is getting people into work and progressing in work. We have the comprehensive Plan for Jobs to do that and things are heading in the right direction in that sphere, but I am conscious that other Government Departments often have responsibility for other areas that directly affect our claimants—things like energy costs, broadband and utilities.



HOUSE OF COMMONS

If you are asking me about the big beasts, they are without question childcare and housing. The latter is one of the biggest beasts. We know that around half of all those on Universal Credit top up by a substantial amount their housing costs.

There are two ways of looking at that, Chair. We could continually increase the LHA rates but, unfortunately, as we know, that largely lines the pockets of private rented sector landlords and can have the adverse impact of pushing up rents. Or we have to look seriously at what we can do around affordable homes for social rents. I assure you those conversations are ongoing with my counterparts at MHCLG.

Mims Davies: If I may add a little colour to that, there are a few points here. We brought in the Flexible Support Fund to support people who are in light touch to help them with any training, support or other needs that can get them out of this scenario. Work coaches felt strongly about this and childcare can be related to that. If people can progress and get more skills and more confidence to earn more, then that takes the sting out of a difficult point.

Because of the Covid pandemic, I recognise that not everyone has been able to work at home, but a lot of people have been able to work flexibly. Employers are starting to recognise, and one of the most useful understandings particularly for working families was the impact of having to manage home-schooling and everything around it. The employers are being much more open-minded and understanding when it comes to childcare and are being more flexible with shifts. Also, where we have so many vacancies, people are trying to look at those shifts and are trying to make sure they are appealing. For example, there is a shortage in the haulage sector and people are looking at shifts appealing to the 50% of the population who are underrepresented, in terms of women driving.

Those people stuck with debilitating childcare costs should talk to their work coach. There are opportunities and ways they can be progressing in work out there. Particularly, for example, in Mr Stephens's constituency, we have outreach for over-50s and for people with a BAME background, and in other areas we have seen specific sectors with additional barriers, which can include childcare.

Probably one of the best things about UC, as Mr Couling has advised, is it brings the whole family and the whole household into view. As a result, through the Plan for Jobs we are able to help people with that. Have a look at the Job Help website. Talk to your employer. Talk to your work coach. There are ways we can support you. As the Minister for Welfare Delivery said, we can pay back 85% of childcare costs quickly and we process it. If it is about starting work and you have any up-front childcare costs, we can do that through the Flexible Support Fund as well.

Q501 **Dr Ben Spencer:** Thank you for laying out the big beasts. It comes as no surprise to me that housing is one of them. As I have already mentioned, in my constituency affordable rent is a huge problem. In fact, the number



HOUSE OF COMMONS

one reason people are at risk of homelessness is unaffordable rents locally. Sometimes I wonder if we are focusing on the wrong end of the telescope by discussing the UC temporary uplift as opposed to these core, big problems that many people face in terms of their day-to-day costs of living and particularly barriers to getting into work or even being able to live in my constituency.

We have asked in our previous investigations about indebtedness. Do you have any data on how many people have debts they are repaying that are more than the amount of the uplift? What proportion of people on UC are paying back more than £20 a week because of tax credit debt?

Will Quince: I do not have that data here, unless you have it, Neil. I can certainly write to you. I will give Mr Couling some time to flick through his notes.

Neil Couling: Keep talking.

Will Quince: We certainly have data in relation to any deductions being made to those on Universal Credit and you will know that we have made changes relatively recently to reduce the maximum deductions. We will not necessarily have—unless it comes from the Family Resource Survey—a picture of debts that people may have outside of the Universal Credit system, which we will not necessarily have any sight of.

Neil Couling: As of June 2021, Dr Spencer, 45% of claims had a deduction on them. I have not brought with me the levels of those deductions. From memory, about £50 is the average deduction. It is below £20 a week but significant for a household.

Q502 **Dr Ben Spencer:** Roughly half of claimants are having deductions of about £50 a month?

Will Quince: That will also include repayment of advances.

Neil Couling: Yes, sorry, that does include repayment of advances. One way to think about understanding the deduction policy is to look at the first 12 months of a claim and now the first 24 months of a claim because of the impact of advances on that.

Will Quince: We have made a significant change also to advances, in that you now have 24 months in which to repay an advance instead of 12 months.

Neil Couling: The maximum cap in terms of deductions was lowered to 25% from 40% of the personal allowance. One positive impact of the removal of the £20 will be that that limit on deductions will fall again. It is currently at 25% of the uplifted personal allowance, and it will be 25% of the lower personal allowance relative to the temporary uplift. I may not have explained that well.

Q503 **Dr Ben Spencer:** That could be going to offset the harm or the costs on people in terms of deductions. That is a bit of strange logic.



HOUSE OF COMMONS

Neil Couling: How do the deductions work? If you take a single person who is repaying some debt, it is currently worked out as 25% of £411 a month. That is the maximum they can repay. Call it £100. I am trying to do it quickly in my head. As the temporary uplift is removed, their entitlement is £324 and you would apply the 25% cap to that, so the amount they are repaying in deductions will fall as the temporary uplift is removed as well.

Q504 **Dr Ben Spencer:** Let us just go for the numbers. What would that then amount to?

Neil Couling: Essentially, doing it quickly off the top of my head, the deductions will fall by £5. No, hang on. That is wrong.

Dr Ben Spencer: The numbers are useful to make sense of it.

Neil Couling: The maximum deduction will be—

Mims Davies: May I jump in while you are doing the calculations? Would that be helpful, Neil? I wanted to address, Dr Spencer, if I may, the barriers, the logistics and the indebtedness you mentioned. It is incredibly important. The In-work Progression Report covers childcare and other issues—the 26 recommendations that we are working on.

One lesson it is important to learn from the pandemic—and for us at DWP to capitalise on through the Plan for Jobs and the work we are doing—is to get to people before they get to that point. People should see Jobcentre Plus—I call them jobs community progression—and come to us before they are in peril, so that we are able to help them as soon as possible.

We did not quite get to touch on it earlier when Mr Stephens was asking about engagement, but people are able to see a work coach. We have been open all the way through for the most vulnerable, but we are now getting back to face-to-face meetings. Those work coaches having those interventions and learning what is going on under the surface is key. We want to move to a point where people are not in peril when they come to us or they are coming to us because they are looking to progress. All the bootcamps that DfE has, which all the people are going on, are going through work coaches. That is a massive step forward so that we are helping people before they get into the situation you describe.

Q505 **Dr Ben Spencer:** Sure. At least in terms of disabled people, that was why I was so impressed by some of the evidence in the strategy Minister Tomlinson gave yesterday around advocacy and in previous reports we did on the advances—I would like them to be called loans, but we can have that argument again or later if you want—and the advice being given to people so they do not fall into indebtedness.

My question, I guess, becomes more fundamental. How much of the £20 uplift essentially went to pay the Government back advances and tax credits? Again, what are the systemic issues here that people are facing



HOUSE OF COMMONS

that we can do something about? You will know that we also, again, have been raising a lot of questions about the handing over of tax credit debt and we are struggling to try to pin down whom we need to question about that policy decision.

Neil Couling: I am pleased to say, Dr Spencer, that St Mary's Church of England School in Ware can be complimented on the quality of their teaching of my mental arithmetic. That was, again, a plug for my old school.

It is £5 a week. As the uplift is removed, if someone is on maximum deductions at the single over-25 rate, they will see those deductions fall by £5, so the net effect of the removal of the temporary uplift on that person will be £15, not £20. That is the way the cap works.

Dr Ben Spencer: Okay. It might be helpful, then, if you could put—

Neil Couling: Do you want me to set that out in a letter for you?

Dr Ben Spencer: Yes, could you put that in writing, please? We are looking at each other and challenging each other on our mental maths skills. I have made my point and you have answered. I look forward to hearing from you in terms of how that plays out.

Q506 **Chair:** You made the point, Minister, that each year the Secretary of State reviews the level of the childcare cap that Sir Desmond asked about. Normally, that form of words means that it is increased in line with inflation. For clarity, the point Sir Desmond made is correct that the cap has been fixed and has not changed at all since 2005. Can you confirm that?

Will Quince: Chair, I did not want to mislead the Committee. I said I was not sure. My understanding is it is part of the Secretary of State's annual review, but I said I would write to the Committee because I was not sure.

Neil Couling: It is not a statutory review. There are statutory reviews and then the Secretary of State as a matter of good practice will review all levels and values in the system. Mr Timms, you are right that the caps have not been changed since 2005. Of course, the rate that you pay under that cap has been increased since then but the actual caps have not.

Q507 **Chair:** The Committee finds it quite surprising that a cap that was appropriate in 2005 is still in place today.

Will Quince: There are two elements to that. I am happy to write to the Committee to confirm that point around when it is reviewed. As I also said, I will update the Committee on whether I am correct as to 10% of those being capped. It will be interesting to see not just when the cap has been reviewed and how long it is since it has been updated, but also if that percentage of people capped has changed over that period of time,



HOUSE OF COMMONS

because that will also be telling. We can get those statistics for you, Chair.

Neil Couling: There have also been other policy interventions like free childcare for three and four year-olds in England, but not in Northern Ireland, as one of your witnesses last week pointed out. There are other changes, too.

The Government as a whole when they did the National Childcare Strategy reviewed the costs of childcare in different locations and whether the policy responses were capable of catering for childcare costs in those localities. But again, that was a little while ago. I have a feeling it was one of David Cameron's last acts as Prime Minister to complete that review, but my memory is not as good as my mental arithmetic sometimes.

Q508 **Dr Ben Spencer:** On that point, there are Government provisions to support childcare. In fact, I am in receipt of both the 30 hours of free childcare and the tax-free childcare.

I assume that is done by DfE and it is Vicky Ford's portfolio. Do you have conversations with DfE on that as part of your considerations about the impact of the childcare cap and how those policies interact? When was your last discussion with DfE on this?

Will Quince: Yes, I certainly do. Although I cannot recall the exact date, Minister Ford from DfE, the Children's Minister, who has responsibility for childcare, sits on the cost of living taskforce, chaired by the Secretary of State. Childcare, as you would imagine, being one of the two big beasts that I mentioned, is discussed and raised regularly.

Q509 **Chair:** The minimum income floor is another change that is taking place. The minimum income floor, which was suspended, is being reapplied. I appreciate you may not have this number, but do you happen to know how many claimants have had the minimum income floor reapplied to them so far or what the most recent figure is?

Mims Davies: Chair, no, I do not because we are reintroducing it gradually. The gradual return means that the pre-2020 Covid caseload is coming first—people who know what the minimum income floor means, have been gainfully self-employed and have been assessed accordingly. Anybody coming in from 1 August will go in business-as-usual and will work with their work coach and then will go back through the Covid caseload, so to speak. We are doing that chronologically.

Our work coaches have been so keen to talk to those people and to explain. In a way that we have heard earlier in the Committee, some people have come into the benefit system with no real experience and no understanding of the conditionality, no understanding on the other side of all the support and help that they can get from a work coach. We have been working completely differently because of the impact of the pandemic.



HOUSE OF COMMONS

We have, for example, in Leeds a whole new jobcentre full of self-employed work coaches who directly help with that cohort. Being able to properly have face-to-face contact and get to know our claimants in every sphere is important. That is never more so than for those people who are self-employed.

Q510 **Chair:** In the note that you will send us, can you let us know the latest figure for how many it has been reapplied to?

Mims Davies: I know that the caseload was around 750,000 people coming into this cohort that we need to be looking at. Yes, that has gone up. Some people are flowing off, as we discussed earlier.

Chair: Do you mean that 750,000 people have—

Mims Davies: But they will not all be subject to the MIF. There will be lots of things going on, as we have spoken about, for people at different stages of the journey. Some people, when they come back on, because they are in a start-up period, will go straight back into the start-up period. Some people will not know what a start-up period is at all because they have come in during the Covid time as well.

Neil Couling: There is no reason why you should recall, Chair, but I know you made a guest appearance at the Public Accounts Committee last week. There are 750,000 cases to work through. The MIF will not apply to all of them, as the Minister has outlined, but we need to look at every case. We think that will take us to July 2022. I noticed one of your witnesses last week said she had not yet been contacted. I am not surprised. It will be a little while before she will be. The Department for Communities in Northern Ireland is doing a similar process to us.

The point here is that we have effectively frozen the start-up period. If you went on to UC in, say, May 2020, we do not say you have had your year by May 2021. We say you are due the start-up year when we start to apply the MIF, so it will be another year before the minimum income floor is applied to that case.

Q511 **Chair:** Let us be clear about that. A self-employed person who started claiming Universal Credit during the pandemic will not have the MIF applied to them for a year after today.

Neil Couling: Depending exactly on their circumstances, but if they qualify for, effectively, the start-up period, then they will. Some people will have had a start-up period, flowed off Universal Credit and come in who might not, so I am not giving you an absolute answer there.

Q512 **Chair:** To be clear about that, what would be the first date on which the minimum income floor would be applied to somebody who has never been on Universal Credit before, who is self-employed and who has claimed Universal Credit during the pandemic?

Neil Couling: It depends when we decide when the minimum income floor is appropriate and to start the clock ticking on the claim.



Q513 **Chair:** When would be the earliest date for such a person?

Neil Couling: It would depend on when we start doing the cohort of Covid cases, if I can put it that way.

Q514 **Chair:** For the earliest people you consider, when would it be?

Neil Couling: Say, for example—and this is hypothetical now—we started the Covid cohort in November, so we had cleared all the previous cases. There were not a lot of self-employed people on Universal Credit before the pandemic. This Committee was asking if we would do research on them and I was for ever saying to your predecessor, Mr Timms, that I need enough cases to do research on. We now have enough cases to do research on. There are not that many of those to do. So say we start in November 2021, the MIF would not apply until November 2022 in that case.

I would like the Committee to understand that the minimum income floor is not the same for everybody. For example, one of the witnesses last week had anxiety about this. On the basis of what she said to the Committee about her circumstances—and I obviously do not know her case—her MIF would be linked to her conditionality. She has a child under 10, so her MIF would be 25 times the national living wage, times 52, divided by 12. Effectively, it is a lower MIF, so a lower threshold to get over, than for somebody who had an expectation of full-time work. A lone parent with young children could be at 16. A disabled person might not have the minimum income floor applied at all because they would not be in conditionality.

There can be a bit of a blanket approach to the minimum income floor, and I am keen that the Committee in particular understands this and helps to explain it to people.

Q515 **Chair:** You obviously listened to what our witness said last week. One point she made was that she had talked to her work coach about this and the work coach was not able to tell her what the effect on her will be. Were you troubled or surprised by that?

Neil Couling: I am not surprised. It would depend on when they spoke to the work coach about it. It is the Department for Communities as well, so it is one step removed from me. But we started reintroducing the minimum income floor only from July. We are approaching claimants and using, as the Minister was saying, more specialist work coaches in most locations to do that activity. So her work coach may not have had the conversations with her because we wanted to specialise a bit around self-employment inside of a Jobcentre Plus.

Mims Davies: It is important for people to understand it is a tailored MIF, as it would be in any other engagement with work coaches. We also have two months of built-in support for people in sectors that will have a longer tail of Covid impact, which can last for up to six months. You could have two months, two months and two months when you are supported



HOUSE OF COMMONS

to get back started according to the circumstances of your business. Certain areas will be firing on all cylinders and others with a longer tail will also have that, alongside that tailoring approach.

I do not want our claimants to feel worried about it. I do want to be talking and engaging with them because many of them, as Mr Couling said, we have not engaged with. It is important that we do. We have a good and strong focus on that. We do not want people to feel worried in any way, shape or form, just like in any other way that they engage with us.

Q516 Chair: An evaluation of the minimum income floor was due to be carried out and that was delayed, quite understandably, by the pandemic. Will that evaluation now be undertaken?

Mims Davies: Yes, as Mr Couling said, we have had not enough people and not enough opportunity to look at that coming into this. As we are gradually reinstating the rules post-pandemic and as we discussed today, of course we could still be impacted by things over the winter period going forward. We are mindful that the cohort has completely changed as well.

We need to go through this process and then start to do the evaluations. We are happy to share with the Committee when we are in a position to do that.

Chair: Perhaps in a year's time or something like that?

Mims Davies: Yes, that is right. Further to that, it is important to look at self-employment as a whole. It has changed. It is a different make-up. Some people are perceived to be self-employed but they are not really self-employed. Lots is going on in this area. The pandemic has changed self-employment even further. There is a lot to learn in this and we would welcome the opportunity to look at that, but it has to be around a steadier cohort. There are lots of learnings to pick up as a result of the pandemic.

Q517 Chair: Thank you. Finally, going right back to the start of our meeting—and thank you both very much for the answers you have given to us—I made the point that removing the £20 a week will reduce unemployment support to the lowest level for 30 years in real terms and to the lowest level as a proportion of average earnings it has ever been. Minister, when I asked you for the reason for that, you said you were not able to give a specific reason. Should Ministers be able to give reasons for the policies that they are answerable for?

Will Quince: Chair, the rate of Universal Credit or the rate of unemployment benefits is historic. They flow from that. As you know, we had the four-year benefit freeze and then the Secretary of State has an annual uprating exercise, which has been done twice since the freeze. That is the rate on that basis.



HOUSE OF COMMONS

Chair: Historically, it is a low rate. Internationally, it is a low rate.

Will Quince: Chair, I would push back momentarily and say, in the two and a half years that I have been in this role and on many occasions in front of this Committee, I do not recall on one occasion the Committee telling me that the standard rate of Universal Credit was too low. The Committee asked for lots of other things and lots of other spending commitments by the Department but not this. Unless the Committee can correct me, the Committee was not—nor indeed were any of the Opposition parties—calling for this before this Government put in place the temporary uplift to support people through the pandemic.

Chair: You are referring to what the previous Committee said, but it seemed surprising to me that we are in a position where this will be the level and there does not seem to be any reason, other than historical accident, why it has been set at that level.

Okay. Thank you very much for being with us this morning. We are grateful. We appreciate that today might turn out to be an eventful day and all of us wish you well for any conversations you might be having with the Prime Minister later on in the day. Thank you very much. That concludes our meeting.